

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Periodic Reporting )  
(UPS Proposals One, Two and Three) )

Docket No. RM2016-2

PUBLIC REPRESENTATIVE NOTICE OF ERRATA  
TO PUBLIC REPRESENTATIVE COMMENTS

(February 18, 2016)

This Notice of Errata to the Public Representative Comments, filed January 27, 2016, is to replace commas with decimal points in several dollar numbers on page 51 to clarify that billions of dollars is intended. The corrections do not alter the substance of the Comments.

These corrections to the Public Representative Reply Comments are inserted in page 51, Revised 2/18/2016, appended to this Notice.

Respectfully submitted,

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### C. Market Shares

UPS Ground and FedEx Ground together dominate the share of revenue derived from the market that includes Postal Service Priority Mail. In FY 2015, UPS Ground and FedEx Ground, combined, had an 84.6 percent share of the revenue in that market while the Postal Service only had 15.4 percent of the revenue in that market.<sup>82</sup> This is a distinctly different picture than one portrayed by measuring market share in terms of volume.

### D. Profits

UPS and FedEx are currently able to compete in the marketplace and make substantial profits well in excess of the Postal Service's ability to earn profits. For instance, UPS reported net income after taxes for 2014 of \$3.032 billion on total revenue of \$58.232 billion. The 2013 net income after taxes was reported as \$4.372 billion on total revenue of \$55.438 billion. UPS's U.S. Domestic Package revenue totaled \$35.851 billion in 2014, a slight increase over 2013 revenue of \$34.074 billion. Similarly, UPS's International Package revenue increased in 2014 to \$12.988 up from \$12.429 billion in 2013.<sup>83</sup> These substantial profits on revenue indicate that UPS has been able to compete with the Postal Service in the last two years despite the Postal Service's rates which UPS complains are underpriced and "disrupt" the market.<sup>84</sup>

Substantial profits were also reported by FedEx. Its net income after taxes for FY 2014 was \$2.097 billion on total revenues of \$45.567 billion. The FY 2013 net income after taxes was reported as \$1.561 billion on total revenues of \$44.287 billion.<sup>85</sup>

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<sup>82</sup> UPS Response to CHIR No. 1 at "CHIR No. 1 Market Share Analysis," Revenue Shares tab.

<sup>83</sup> UPS Form 10-K, U.S. Securities and Exchange Commission, December 31, 2014 at 26.

<sup>84</sup> UPS argues, "This type of unfair competition distorts competitive markets to the detriment of competitors and consumers alike." Petition at 17.

<sup>85</sup> FedEx Form 10-K, U.S. Securities and Exchange Commission, fiscal Year ended May 31, 2014, at 83.